(Translation)

May 1, 2015

West Japan Railway Company

Update of the Medium-Term Management Plan and
Results for the Fiscal Year Ended March 2015
Q&A Summary at the conference

Q1

In the update of the Medium-Term Management Plan, the indicators have been revised upward. Looking back over the past two years, what were the factors that led to these results? Also, what will the Company focus on going forward?

A1

Over the past two years, we focused on preparations for the opening of the Kanazawa segment of the Hokuriku Shinkansen and the renovation of the West Wing of the OSAKA STATION CITY North Gate Building. We think that we were able to achieve a favorable start for these projects. Moreover, in fields that have been our strengths — the Shinkansen, the retail business, and the real estate business — we are also seeing the effects of our initiatives and investments, and we will work to achieve steady growth in these fields in the future. In addition, we have begun to implement a range of new investments, such as conducting business initiatives in areas outside our railway belts and service area as well as advancing into businesses that generate synergies with our existing businesses. We realize that we will need to further accelerate these activities in the future.

Q2

Revenue from the Hokuriku Shinkansen is expected to be ¥30.0 billion this fiscal year (+ ¥27.3 billion year on year). What assumptions is the plan based on?

A2

On the segment that extends over the JR-West and JR-East sections (passenger volume on the Joetsu Myoko — Itoigawa segment), we expect usage of the Hokuriku Shinkansen to be about 2.2 times the level of usage of conventional line limited express services (Hakutaka, etc.) in the previous year. Current results are more than three times, surpassing that level due to the opening-effect and the effects of our initiatives. This year, we expect the net revenue increase to be +¥13.0 billion (+¥11.1 billion year on year), including -¥17.0 billion (-¥16.2 billion year on year) from the separation of parallel conventional lines, but we will do our utmost to improve this figure as much as possible.

Q3

It will soon be a month since the opening of LUCUA 1100. What is the current situation, and what effect will LUCUA 1100 have on the Company’s results for this year?

A3

In April, looking at LUCUA osaka, which includes both the existing LUCUA and the new LUCUA 1100, sales were up 50% year on year, and the number of visitors was up 60% compared to the total for LUCUA and JR Osaka Mitsukoshi Isetan department store last year. LUCUA osaka has gotten off to a solid start, and for the full year, we are aiming for LUCUA osaka sales of ¥77.0 billion, an increase of 20% in comparison with the period before the renovation. The target customer range for the existing LUCUA has been set at customers in their 20s and 30s, and the range for LUCUA 1100 has been set at customers in their 30s and 40s. Product lineups have been coordinated with those targets, leading to store visits by customers. Customer feedback has indicated that there are a larger number of products, there is a selection of original products, and access within the buildings is now easier.

Q4

What are the plans for transportation revenues this fiscal year and in future fiscal years?

A4

This fiscal year, we expect an increase in transportation revenues of ¥20.9 billion year on year. As for the fundamental trend in non-commuter passes, we are planning a 1.5% increase for the Shinkansen, a 0.2% increase for the Kansai Urban Area, and a 0.2% decrease for other conventional lines. These include the following special factors: +¥11.1 billion from the net revenue increase due to the Hokuriku Shinkansen; + approximately ¥3.0 billion from the patterns of weekends, weekdays, and holidays, such as the leap year and the Silver Week consecutive holidays in September; and a positive effect of several hundred million yen due to the capture of inbound visitor and senior citizen demand.

In regard to transportation revenues in the next fiscal year and subsequent fiscal years, in consideration of the declining trend in the population and the expectation that the long-term trend in the GDP growth rate will be flat, we are planning for a gradual slowdown in the fundamental trend. Special factors include increases in inbound visitor and senior citizen demand, but the patterns of weekends, weekdays, and holidays, which will lead to increased revenues in fiscal year ending March 2016, will be a negative special factor in fiscal 2017 and thereafter, in comparison with fiscal 2016.

Q5

In regard to the retail business and the real estate business, the plan is for substantial improvement in profits, both this fiscal year and in future fiscal years. What are the factors behind this plan?

A5

In retail business, in addition to the improvement in department store profits due to the renovation of the JR Osaka Mitsukoshi Isetan department store, we are seeing results from the refurbishment of in-station stores since the previous fiscal year, such as at Shin-Osaka Station and Hiroshima Station. In the real estate business, we think that the condominium market, which had been sluggish due to the effect of the consumption tax hike, is recovering. Moreover, in addition to the opening of LUCUA 1100, shopping center renewals, such as at Shin-Osaka Station and Kanazawa Station, are being completed. As a result, we expect growth in profits.

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